

# **Minutes Of The Board Of Trustees City Of Cincinnati Retirement System February 2, 2006**

The Chairman called the meeting to order at 1:30 p.m. with the following members present:

V. Daniel Radford, Chairman  
Joe Gray, Secretary  
Joe Harrison  
Michael Rachford  
Julie Brinker (proxy for John Cranley)  
Brian Pickering  
Marijane Klug  
Ely Ryder

## **Member/s Absent**

Dave Rager, City Manager  
Mark Mallory, Mayor

The Chairman called for a motion to approve the minutes of the January 12, 2006 Board Meeting. Mr. Pickering indicated that the word "Acting" should be removed from Mr. Rager's City Manager title. The motion to approve the minutes as amended was made by Mr. Gray, seconded by Mr. Rachford, and carried by the Board.

## **BENEFITS COMMITTEE**

Mr. Harrison reported that the Benefits Committee met on January 26, 2006, at 2:00 p.m. in Committee Room B. Mr. Harrison reported that there was no quorum as Mr. Gray had not yet been formally appointed to the Benefits Committee. However, there were no items on the agenda that required any official actions by the Benefits Committee.

Mr. Harrison presented the following report to the Board:

1. Application for Ordinary Retirement - February, 2006: Total – 8

NO.	NAME	DEPARTMENT
31172	Jack Trefzger	MSD
39915	William Offutt	Buildings
43864	Alfred Womer	Health
44027	Corey Lehr	University of Cincinnati
47147	Steve Peponis	Water Works
47873	George Kraft	Health
49945	Elmer Weil	Buildings
52136	Mark Estes	Water Works

2. Application for Retired Members Deaths: Total – 6

3. Application for Active Members Death: Total - 1

Mr. Harrison moved that the Board accept the report of the Benefits Committee. The motion was seconded by Mr. Rachford and carried by the Board.

**Appointment of Joe Gray to Benefits Committee and Investment Committee**

Mr. Radford, as Chair of the CRS Board, indicated that he would formally appoint Mr. Joe Gray to both the Benefits Committee and the Investment Committee. Mr. Gray will replace Mr. Bill Moller who retired from City service in January 2006 on both of these committees.

**INVESTMENT COMMITTEE**

Mr. Gray reported that the Investment Committee held a meeting on January 19, 2006 at 1:30 in room 115, City Hall. The purpose of the meeting was for the investment consultant to give an educational presentation on investing in real estate. Mr. Pat Thompson (CRS investment consultant) and Mr. Ed Cunningham (Managing Director, Citigroup Alternative Investments) from Solomon Smith Barney/Citigroup were on hand to give the presentation. Mr. Gray commented that the meeting was very informative and provided a good basis for further discussion on real estate investment strategies. Mr. Gray also reported that no minutes from this meeting were available at this time as the retirement staff was waiting on the release of the presentation materials by the investment consultant.

**SECRETARY'S REPORT**

Mr. Gray reported that as of December 31, 2005 the asset level of the fund was \$2.42 billion compared to \$2.40 billion at the beginning of the year, a year-to-date increase of about 1.1%. In the month of December, fund assets increased by about \$1 million. Mr. Gray also reported that the allocations for each asset class are all within the acceptable ranges of the new interim target allocations.

The Secretary submitted the following report:

1. Resolution for Enrollment of New Members – Total: 48
2. Resolution for Return of Contributions - Total: 22, Amount: \$170,898.31
3. Report on Deaths of Pensioned Members – Total: 12, Amount: \$90,000.00
4. Resolution for Loans to Members – Total: 35 Amount: \$366,239.67

The Secretary submitted the following vouchers for payment:

<b>PAYEE</b>	<b>AMOUNT</b>
City of Cincinnati – Pensions & Annuities	\$ 9,045,277.75
City of Cincinnati – Medicare Reimbursements	\$ 265,730.10
City of Cincinnati – Retirement Staff Salaries	\$ 15,130.23
ABS Business Products – Monthly Copier Rental	\$ 180.60
Mae Consulting -	\$ 440.00
Lee Personnel – Temporary Services	\$ 2,217.33
Mercer Human Resource Consulting	\$ 50,924.00
NCPERS – 2006 Annual Membership Dues for CRS Board	\$ 300.00
NCPERS – Conference Registration Fees (Harrison and Rachford)	\$ 1,780.00
Lee Personnel – Temporary Services	\$ 1,563.09
Business Information Storage – Files storage	\$ 75.60
DMS Rehab – Disability Evaluations	\$ 3,110.56
Mercer Human Resource Consulting	\$ 6,639.00
City of Cincinnati – 2005 Cinsy Billing	\$ 15,774.08
Lee Personnel Inc. – Temporary Personnel Services	\$ 1,384.39
City of Cincinnati – Retirement Staff Salaries	\$ 15,024.98

The Secretary reported that at the close of business January 31, 2006, there was in the Treasury to the credit of the Retirement System the amount of \$3,327,840.06

**Asset Valuation:**

- December 31, 2004: \$2.40 billion
- December 31, 2005: \$2.42 billion
- YTD Increase (Decrease): 1.13%

**Current Asset Allocation: (Interim Policy Objective)**

- Domestic Equity: 51.3% (52.7%)
- International: 15.4% (16.9%)
- Fixed Income: 31.9% (29.5%)
- Alternative Assets/Treasury Cash: 1.4% (0.9%)

## **PENDING BUSINESS**

### **CRS Future Considerations Memo**

Mr. Gray reported that the memo on plan design changes introduced by Mr. Moller at the January 12, 2006 CRS Board meeting was included with the agenda as an information item. No further action needs to be taken on this issue until after the actuarial valuation for 2005 has been presented to the Board. This item will not be included on the agenda again until the actuarial valuation report has been presented to the Board.

### **Development of Strategic Plan**

Mr. Pickering reported that he has previously spoken to an individual who has helped other pension plans develop strategic plans, and that he is willing to set up a conference call if Board members are interested. However, Mr. Pickering suggested that developing a strategic plan be postponed until a permanent Pension Fund Manager is hired.

### **Pension Fund Manager Position**

Mr. Gray reported that the search firm has advertised the position in Pensions and Investments magazine, and he believed the deadline for submission of applications is the end of February.

### **Citizen Member Trustee**

Mr. Radford reported that due to the time constraints of his new position, he will probably have to leave the Civil Service Commission, which would then have an impact on his position with the CRS Board. Mr. Radford commented that he has received suggestions that since Mr. Moller is no longer on the CRS Board, Mr. Radford should fill the vacant Citizen Member Trustee position for a year or so to provide some continuity to the Board. Although the Board usually prefers to appoint a person with an investment background to the Citizen Member position, the Board could consider establishing an advisory panel of investment experts to support the Investment Committee.

Mr. Ryder commented that given the fact that the Board is responsible for investing \$2.4 billion in assets, he gets some comfort in having a citizen member trustee with investment expertise. Mr. Pickering also stated that he feels strongly that an investment expert is needed on the Board, and that the Board should explore some way to keep Mr. Radford on the Board and get a Board member with some investment expertise. Ms. Klug commented that this could be accomplished by establishing an advisory panel of investment professionals to provide advice to the Investment Committee.

After discussion, Ms. Klug introduced the following motion: "I move that the Retirement Board recommend to the Mayor and City Council that Dan Radford be appointed to the citizen/community seat of the City of Cincinnati Retirement Board". Mr. Rachford seconded the motion, and the motion passed by vote of 6 to 1. (Votes in favor: Rachford, Harrison, Gray, Radford, Brinker, and Klug. Opposed: Ryder. Abstain: Pickering)

## **ADJOURNMENT**

Upon request of the Chairman for a motion to adjourn, the motion was made by Mr. Pickering, seconded by Mr. Rachford, and carried by the Board. The meeting was adjourned at approximately 2:00 p.m.